



Doing Business In the Czech Republic:

A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In the Czech Republic

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Market Overview

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- Until the 1930s, Czechoslovakia was one of the economic powerhouses of Europe with the 9th largest economy in the world.
- The Czech Republic entered the European Union in May 2004.
- The Czech Republic is part of a region dubbed “The Detroit of Europe” because of the volume of auto manufacturing.
- Strong local currency (the crown) gives Czech manufacturers increasing purchasing power.
- The Czech Republic is one of the most popular tourist destinations in Europe.
- Steady (3-4 percent) growth rates are expected to continue.

Market Challenges

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- Lack of transparency in public tenders
- Inadequate bankruptcy laws
- Slow and sometimes arbitrary government decision-making
- Purchasing power still lags behind Western Europe and U.S.
- Slow court system with inadequate protection on commercial contracts
- Government corruption, especially with regard to procurement

Market Opportunities

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- Automotive parts and equipment
- Electric and electronics sector
- Medical products and services
- Telecommunications and computer equipment
- Power generation equipment (includes renewable energy)
- Environmental equipment and services

Market Entry Strategy

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- We suggest a regional approach involving one or more Central and Eastern European countries.
- It is crucial to find a local partner.

- We suggest participating in a Gold Key or trade mission to meet local partners and possible clients.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/3237.htm>

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Using an Agent or Distributor

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The Czech Republic is geographically small, with 10 percent of the population and most decision-makers concentrated in the capital city of Prague. It is a market where good personal relationships are crucial, and everyone seems to know everyone else. Therefore, we recommend basing your approach on finding and supporting a Czech partner, agent, or distributor. An agent or distributor based in Prague can offer good coverage of the entire country. Though many will offer to represent your firm throughout Central Europe, we have found that a one-country, one-agent approach works best.

In general, agents and distributors will expect exclusivity. Be careful to negotiate an agreement that ties exclusivity to performance, either with a time limitation on the agent/distributor agreement, or a clause that allows termination for non-performance. Good support and management of the agent-distributor relationship is crucial. Many distributors are thinly capitalized or staffed, yet represent a wide variety of foreign companies. They often focus efforts on the hottest-selling product of the moment, at the neglect of others.

Professional services firms, educational institutions, and engineering firms should use local partners as their entrée into the market. Using a local partner's facilities and staff will bring costs down to competitive levels, and your local partner's contacts will be crucial to developing business.

Many U.S. firms use the Commercial Service's Gold Key program and trade missions to meet and interview potential partners. For more information on these and other services, please view our website: <http://www.buyusa.gov/czechrepublic/en/>

Establishing an Office

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For most small or mid-sized firms, an office in the Czech Republic is not worth the time and expense. If you decide to do so, however, we recommend that you work with a local attorney who can take on the burden of corporate registration and other paperwork.

Prague has a well-educated, multilingual population, many of whom have years of experience in working for Western firms. Companies offering attractive salaries can normally secure a talented nucleus of local staff for a new office. Executive recruiting firms are active in Prague, though most executives use word-of-mouth to make hiring decisions.

Franchising

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In the Czech Republic, franchising takes the form of a contract between two entities that is regulated by the Commercial Code pertaining to commercial contracts and sales and licensing agreements. There are approximately 90 franchised brands in the Czech Republic, compared to 330 in Austria and 170 in Belgium--this business model is still in its early beginnings.

McDonald's and KFC have founded their own outlets in the Czech Republic, although a slowly increasing number are now owner-operated franchises. Hotel franchising, one of the most successful concepts worldwide, is still waiting for its boom in the Czech Republic, though it is more widespread than other types of franchising. While these outlets have done fairly well, few Czechs have the capital or experience to invest in their own franchises and typical master franchise networks have yet to develop. franchise holders are thereafter in most cases recruited from abroad. Komerční Banka does offer a financing program geared towards potential franchisees (<http://www.kb.cz/en/>) in the Czech Republic, but there is still much room for growth in this sector.

Direct Marketing

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The top direct marketers in the Czech Republic are Amway, Avon, Just, Lux, Mary Kay, Oriflame, Tupperware, Vorwerk and WS International. Turnover in this market is about \$161.4 million per year, and the number of registered dealers is 195,556. 81.4% of these are women, and half work part-time. Direct marketers enable these firms to reach clients in small towns and villages, where retail outlets are limited. Both Amway's multi-level and Lux's one-level marketing approaches have worked here. Network marketing has also developed with a number of successful "membership" stores in Prague, Brno, Plzen, and Ostrava.

The Czech National Association of Direct Marketing organizes seminars and promotes international rules of direct marketing, such as the length of guarantees and the

consumer's right to return a product. More information on direct marketing in the Czech Republic can be found on www.cnspp.cz

Joint Ventures/Licensing

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The Czech Republic has become an attractive destination for foreign investors seeking manufacturing and assembly operations. While the most common approach is a green field investment, foreign companies have also acquired existing Czech firms or embarked on joint ventures. Although the law allows 100 percent foreign ownership, foreign companies are sometimes reluctant to acquire a Czech firm outright because of environmental or other long-term liabilities. Prague has a small, but skilled, local investment banking community, which can assist U.S. firms in structuring acquisitions or joint ventures.

Selling to the Government

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The Czech government has a thin purse, but a long shopping list as it seeks to modernize its military to meet NATO commitments, and upgrade infrastructure to meet environmental and other European Union requirements. EU, U.S. Defense Department, and other international funds are available to help finance purchases. Both the Czech central government and major municipal governments make increasing use of bond offerings to pay for infrastructure improvements.

As a member of the EU, the Czech Republic is subject to the rules of the GATT Agreement on Government Procurement. The Czech government's current procurement law requires public tenders for major government and government-financed procurements. Tenders are publicized in the local daily press, particularly *Hospodarske noviny* (Economic News) and *Mlada Fronta Dnes* newspaper, as well as in the *Obchodni vestnik* (Trade Gazette) published by the Czech government. Major manufacturers of a particular product are usually notified directly. The period between calling and closing tenders is 180 days for internationally financed procurements.

U.S. companies bidding on Czech government tenders must have their products approved for the EU market (see standards section below.) U. S. companies that find local Czech partners for joint bids can compete in tenders for environmental services, engineering services, and financial and management consulting services. Bid bonds from 1-5% may be required for large-scale contracts. An emphasis on total value (rather than low cost) has lessened the disadvantages U.S. companies once had against lower-cost domestic and European firms.

Lack of transparency throughout the procurement process remains a significant obstacle for U.S. companies. While the Czech government has publicly stated its commitment to fair, transparent tenders, allegations persist of corruption and favoritism in deciding public tenders.

U.S. products are typically shipped to a major European port (often Antwerp), and then transported to Prague via truck or rail. (Smaller products often come by air to Prague's airport.) The area around Prague has many warehouses and distribution centers, and is the distribution hub of the country.

The Czech Republic has a developed, European-style distribution system and a strong and growing cadre of professional sales agents and distributors in most market segments. Representative offices or industrial sales agents usually handle industrial sales. The cadre of agents has expanded rapidly in recent years. U.S. firms will find agents to be very strong technically; however, many will need help in developing marketing and customer service strategies. Margins for distributors are similar to those prevalent in Western European countries. Field sales representatives usually earn a base salary of about 30,000 crowns (\$1,230) per month plus commission (anywhere from 5 to 10 percent depending on the product), and travel benefits (company car, travel allowance).

Prague's winding cobblestone streets are lined with tiny shops -- groceries, pharmacies, music stores, clothing boutiques, and bookstores. These small shops face stiff competition from American-style supermarkets, European "hypermarkets," and shopping malls with a broader selection, lower prices and extended weekend and evening hours (increasingly, 24-hour operation). Swedish IKEA, British TESCO, French Carrefour, and German OBI, Hornbach and Baumax, among others, operate multiple locations throughout Prague and have expanded throughout the nation. At this time, no large U.S. retailers are present in the market.

Having a sales force that speaks the local language (Czech) is essential to success in the market. In order to also compete in the European market, this same sales force should have employees that can communicate in English – speaking the local language (French, German, Spanish, Italian, Russian, etc.) is of course an advantage.

Ideally, product literature should be in Czech, and it is advisable to also have some copies in English, as there are many international firms located in Prague with non-Czech speaking decision makers. A dual Czech/English brochure may be the most efficient way of handling this scenario. Any measurements used within the literature should be in metric. In addition, product labels must be in Czech. Your local partner/distributor can assist in this process.

Finally, it is now common practice for companies doing business in the Czech Republic to have a website in Czech, English and possibly a third language (German). Having a website gives legitimacy to a company's presence in the market and plays an increasingly important role here in attracting potential customers.

Electronic Commerce

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While most Czech consumers still do not regularly shop online, interest in e-commerce is growing and increasing numbers of Czechs are surfing – and buying- on the Web. During 2005, e-commerce in the Czech Republic grew by approximately 12%, reaching almost \$406 million in B2C sales and \$309 million in B2B. The number of Internet users with e-shopping experience currently exceeds 240,000 and rose steadily in 2005. End-use procurement accounts for two-thirds of the Czech B2B e-commerce, but process-use e-commerce should catch up in 2005.

A number of factors have supported this growth. Credit card use is on the rise, and lower telecommunication tariffs have prompted more Czech consumers to get online. In 2004, Ceska Sporitelna, a major Czech bank, began providing secure e-commerce transactions to online retailers. Finally, in 2005 the Ministry of Informatics introduced anti-Spam legislation (more information at <http://www.micr.cz>), which has been a benefit to legitimate online businesses. The most popular web trading sites are listed in the web resources section below.

Trade Promotion and Advertising

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Though choosing and supporting a suitable agent is the most important factor in achieving success in the market, companies can stimulate sales further by working with Czech partners on effective marketing campaigns. A good agent or distributor should be able to help you craft an appropriate strategy. The Czech market is small, and market entry is relatively low-cost. Expensive marketing campaigns are probably not necessary, unless promoting a consumer product. U.S. firms can spur sales through trade shows, in-country promotions, and advertising.

A U.S. firm can craft a targeted advertising campaign to introduce new products or support established ones for a fraction of the cost of advertising in the U.S. Retain a local public relations/advertising firm to provide an integrated program. Foreign firms most often pay for in-country advertising, while their local distributors provide facilities, warehousing, and equipment.

With a history dating back to the Middle Ages, trade shows are a European way of life. Both Prague and Brno host many international shows. A small booth is a good -- and comparatively low-cost way -- to meet customers in the Czech Republic and neighboring countries.

The Czech Republic is a small market, and each sector has a few key decision-makers and opinion leaders. One way to reach these leaders quickly is to hold an innovative in-country promotion. Examples of good programs include technical seminars or small receptions at industry trade shows in Brno and Prague, media events and press conferences related to events like launching new lines or opening new offices, or annual holiday receptions for key clients and potential clients. The U.S. Commercial Service in Prague can help to organize such an event and target key decision makers. On the retail side, in-store promotions are utilized extensively.

Pricing

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Czech consumers and firms are very price-sensitive. In the consumer market, however, increasing incomes and the wealth of products in the market have led to a shift toward prestigious name brands -- over low-cost competitors -- for certain high-end goods. U.S. firms are up against European competitors, who have lower transport costs and no import duties, as well as Czech firms that have home field advantage. A number of larger U.S. firms have lowered costs and improved sales prospects by doing some low-cost assembly or value-added production within the Czech Republic. With the weak dollar, Czech firms are giving American products a second look as they seek ways to reduce costs.

The Czech economy has traditionally been a cash economy, although credit card use has grown exponentially as bank regulations for the issuance of credit cards have been relaxed to near-Western standards. Five years ago, it was rare for a Czech consumer to use a credit card to make a purchase; today, virtually all professionals in major cities have at least one.

Sales Service/Customer Support

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Although not yet at the level of Western standards, customer service has come a long way since the market opened up. There is still room for improvement, and any firm able to implement a customer-friendly support system will have an edge in the market. This applies to both retail and industrial customers.

The retail market is less consistent when it comes to service/support. Many local firms still do not seem to have grasped the concept of employee customer service training in this post-Communist society, and this often leads to a mentality of "the customer is never right."

The industrial sector is somewhat more developed as the Czechs have made great strides to become part of the international marketplace. However, there is room for improvement, particularly in after-sale service.

Protecting Your Intellectual Property

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The Czech Republic is a signatory to the Bern, Paris, and Universal Copyright Conventions. In 2001, the government ratified the WIPO Copyright Treaty and the WIPO Treaty on Performances and Phonograms. Domestic legislation protects all intellectual property rights, including patents, copyrights, trademarks, and semiconductor chip layout design. Amendments to the trademark law and the copyright law have brought Czech law into compliance with relevant EU directives and WTO TRIPs requirements. The Czech Republic was taken off the 301 Intellectual Property Watch list in 2001.

Although U.S. companies should exercise due diligence in choosing partners, theft of intellectual property is not a major problem here. We encourage technology-based companies to work with legal specialists to develop a global intellectual property protection strategy, using an appropriate mix of trade secret, copyright, or patent

protection. U.S. companies will often find protection in the Czech Republic by gaining intellectual property protection within the European Union. Separate copyright and patent protection within the Czech Republic is possible, relatively low cost, and prudent.

Due Diligence

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Due diligence on potential partners (as well as on suppliers, major clients, and other contacts) is important. The U.S. Commercial Service offers an International Company Profile service that researches the bona fides of Czech firms. Dun & Bradstreet (e-mail: custserv@dbis.cz, web: <http://www.dbis.cz>) also offers profiles and financial information on Czech firms.

Local Professional Services

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Prague has a cadre of U.S. law firms, accountants, and consulting firms that specialize in helping with market entry. We also suggest that U.S. companies new to the Czech market join the American Chamber of Commerce in Prague (e-mail: amcham@amcham.cz, web: <http://www.amcham.cz>) and purchase a copy of the Amcham's list of U.S. firms operating in the Czech Republic.

Web Resources

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Ministry of Informatics
<http://www.micr.cz>

Major Web trading sites:

<http://www.b2bcentrum.cz> - major provider of services in the field of B2B in Central Europe

<http://www.abcb.cz/> - general business information, news, food products

<http://www.glob2b.cz/> - advertising banners on the internet

American Chamber of Commerce in Prague

Executive Director, Weston Stacey

tel.: (+420) 222 329 430,

e-mail: amcham@amcham.cz, web <http://www.amcham.cz>.

Dun & Bradstreet

tel.: (+420) 271 031 500, fax: (+420) 271 031 510

e-mail: custserv@dbis.cz, web <http://www.dbis.cz>)

Czech National Association of Direct Marketing

www.cnspp.cz

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 - [Medical Equipment \(MED\)](#)
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 - [Pollution Control Equipment \(POL\)](#)
 - [Additional Sectors](#)
-

Automotive Parts & Equipment

<i>in billion USD</i>	2003	2004	2005 est.
Total market size (Import +Local Consumption)	10.6	11.2	12.3
Total local production (Export +Local Consumption)	13.9	15.4	17.0
Total export of transport equipment	9.8	12.2	14.1
Total import of transport equipment	6.5	8.0	8.5
Import from the U.S.	0.054	0.060	0.058

Source: Automotive Industry Association of the Czech Republic www.autosap.cz

Central Europe, and the Czech and Slovak Republics in particular, are fast becoming known as the “Detroit of Europe.” More than half of the world’s 50 leading suppliers already have facilities in the Czech Republic, and others are entering the market every year. The proposal in late 2005 for a new Hyundai plant (if the project is finalized, construction is expected to begin this year) highlighted the continuing growth in the Czech automotive sector. Current estimates predict that the three major car manufacturers in the Czech Republic—Skoda Auto, PSA Peugeot Citroen/Toyota Motor Corporation, and Hyundai— will produce 1.1 million cars by 2009. This would make the Czech Republic one of the European Union’s two leading auto producers in the number of cars produced per capita, second only to the Slovak Republic.

Best prospects for U.S. exporters are in lighting equipment, filters, bumpers, shock absorbers, electronic equipment parts, in-car entertainment, security equipment, and car care products. Excellent opportunities also exist for U.S. automotive suppliers interested in setting up manufacturing facilities in the Czech Republic or establishing a joint-venture with Czech partners.

Best Products/Services

- General manufacturing equipment and supplies
- Equipment for large-scale automotive parts manufacturing
- Special manufacturing equipment and materials
- Service suppliers for global manufacturers

Opportunities

- The weak dollar makes U.S. suppliers highly competitive in the Czech auto sector.
- Excellent opportunities exist for U.S. automotive suppliers interested in setting up manufacturing facilities in the Czech Republic or establishing a joint-venture with Czech partners.

Resources

AUTOTEC 2006 - International Fair of Utility Vehicles, Parts, Accessories and Garage Equipment

June 6-10, 2006, Brno

There are two major automotive trade shows in the Czech Republic: AUTOSALON, International Passenger Car Show, is held in odd years; its counterpart AUTOTEC, International Fair of Utility Vehicles, Parts, Accessories and Garage Equipment, is held in even years. These shows are two of the five most important fairs in the automotive industry included in the calendar of the International Association of Automobile Manufacturers O.I.C.A.

Web: <http://node0.bvv.cz/autotec-gb>

E-mail: autotec@bvv.cz

3rd International Trade Fair of Manufacturers and Sub-suppliers for the Automotive Industry

May 10–12, 2006, Prague

The third annual DRIVE trade fair focuses on manufacturers, subcontractors and new manufacturing trends in the automobile industry.

Web: <http://www.terinvest.com/drive/EN>

E-mail: harvanek@terinvest.com

Autoshow Praha & TRANSPED/COMMA 2006

October 19-22, 2006, Prague

This is an international fair of passenger cars, light commercial motor vehicles, and automobile styling, as well as an exhibition of trucks, water, rail, and air transport, logistics, and warehousing.

Web: <http://www.incheba.cz>, <http://www.incheba.cz/main.php?pageid=1592/>

E-mail: v.janous@incheba.cz

INTERNATIONAL ENGINEERING FAIR 2006

September 18-22. 2006, Brno

The 48th International Engineering Fair is the most important engineering exhibition in Central and Eastern Europe. While the Fair does not focus specifically on automotive industry products, these are also exhibited.

Web: <http://www.bvv.cz/msv-gb>

E-mail: msv@bvv.cz

Association of Automotive Industry of the Czech Republic

Opletalova 55, 110 00 Praha 1, Czech Republic

web: <http://www.autosap.cz/default-e.asp>

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<i>in million USD</i>	2003	2004	2005 est.
Total market size (Local revenues + Import - Export)	12,333	13,385	14,120
Total local production (Export + Local Consumption)	11,444	12,115	13,020
Total Import	11,741	12,769	13,500
Total Export	10,852	11,500	12,300
Total Import from the U.S.	651	690	725

Source: Source: Electrical and Electronic Association www.electroindustry.cz

Electronics is one of the fastest-growing manufacturing sectors in the Czech Republic. Since 1999, the electronics industry has nearly doubled in size and is expected to expand further. Leading subsectors include computer technology, telecommunications technology, heavy current technology, electronic components and consumer electronics. Outsourced electronics manufacturing (contract manufacturing) has been a dominant trend; however, the Czech Republic's new R&D facilities are becoming an increasingly significant driver of economic activity. Interest in U.S. electronics products, already known for their high quality, is increasing as prices become more competitive.

Best Products/Services

- Electronic components
- Heavy current technology
- Computer technologies

Opportunities

- The weak dollar makes U.S. suppliers more economical against European competitors.
- Excellent opportunities exist for U.S. suppliers interested in setting up manufacturing facilities in the Czech Republic or establishing a joint-venture with Czech partners.

Resources

Amper 2006 – International Trade Fair of Electrotechnics and Electronics

April 4-7, 2006, Prague

AMPER is one of the largest and most important electronics sector shows in the Czech Republic.

Web: <http://www.amper.cz/en/>

Pragoregula / Elektro 2006

March 23–25, 2006, Prague

International trade fair of energy sector, heating, energy saving, sanitary technology, technical equipment of buildings, insulation and ecology, measuring, control technology, electronics and electronic equipment
Web: <http://www.pragotherm.cz>

DIGITEX 2006 - International Fair of Consumer Electronics and Digital Entertainment

October 10-13, 2006, Brno
Focused on products and services in the field of consumer electronics and digital entertainment. It is held at the same place and on the same date as the major show INVEX.
Web: <http://www.bvv.cz/digitex-gb>

INVEX 2006 - International Fair of Information and Communication Technologies

October 10-13, 2006, Brno
Designed for professionals in the field of information and communication technologies. Invex is the largest ICT show in the new EU member states and the fourth-largest in the world in terms of the number of visitors, averaging 130,000.
Web: <http://www.bvv.cz/invex-gb>

ELEKTRO 2006 - International Trade Fair of Electrical Equipment and Lighting Technology

April 25-29, 2006, Brno
Elektro, part of Building Fairs Brno 2006, focuses on electronic technology in the construction sector such as conductors and cables, wiring technology and materials, lighting technology, electric power sources, television and telecommunication equipment, signaling and information devices for buildings, security system technology, and regulation, sensing, and measuring devices.
Web: <http://www.bvv.cz/stavebniveletrhy-gb>

Czech And Moravian Electrical And Electronic Association

Trade association that promotes the interests of communications and electronics companies operating in the Czech Republic; provides legal, market and other expertise.
Web: www.electroindustry.cz

U.S. Commercial Service

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Medical Equipment (MED)

Overview

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<i>in million USD</i>	2003	2004	2005 est.
Total Market Size	2,083	2,343	2,483
Total Local Production	1,483	1,850	1,962

Total Exports	754	1,050	1,113
Total Imports	1,354	1,543	1,635
Imports from the U.S.	194	216	245

Source: Unofficial estimates, Czech Statistical Office

Although domestic manufacturers are increasingly competitive, over 65% of all medical devices used in the Czech Republic are imported. Germany dominates the market, with 25 percent of total medical device imports; the U.S. however, ranks second, and U.S. products, particularly high-tech equipment, have a good reputation for quality. Syringes, needles, catheters, electrical diagnostic equipment, x-ray equipment, irradiators, replacements, and orthopaedic aids account for most imported medical devices.

Best Products/Services

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- Sterilizing equipment
- Dental equipment
- Bone implants
- Infusion and transfusion sets
- Catheters
- Cobalt irradiators
- Computer processed visual systems
- Medicine infusion pumps
- X-ray and mammography systems
- Balneotherapy equipment
- Endoscopes
- Laparoscopes.

Opportunities

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- Growth of medical tourism in the Karlovy Vary region promises long-term growth prospects for regional hospitals, spas and medical clinics.

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PRAGOMEDICA

April 4 - 7, 2006, Prague, Fairground Holesovice

Pragomedica covers medical technology for diagnostics and therapy, laboratory devices and equipment, pharmaceutical and OTC products, and optical devices and equipment.

web: www.incheba.cz

HARMONIE

September 8 – 10, 2006, Prague PVA Letnany

Harmonie is the 13th exhibition of health food and organic and natural products.

web: www.terinvest.com

PRAGODENT

October 13 - 15, 2006, Prague, Fairground Holesovice

Pragodent, the biggest dental and stomatology exhibition in the Czech Republic, is an excellent venue for making contacts in the dental field.

web: www.incheba.cz

HOSPIMEDICA

October 24 - 27, 2006, Brno BVV Exhibition Grounds

This fair, intended for an audience of the professional public, is one of the EU's most important exhibitions of medical technology, hospital equipment, general practice and rehabilitation (including prosthetics).

web: www.bvv.cz

Ministry of Health

Palackeho namesti, 128 01 Praha 2

e-mail: mzcr@mzcr.cz

U.S. Commercial Service

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Electrical Power Systems (ELP)

Overview

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<i>In million USD</i>	2003	2004	2005 est.
Total Market Size	2,600	2,550	2,500
Total Local Production	2,800	2,700	2,800
Total Exports	900	830	950
Total Imports	600	680	650
Imports from the U.S.	140	130	150

Sources: Unofficial estimates, Czech Statistical Office

The Czech Republic remains a net exporter of energy, due to its central location in the heart of the European manufacturing belt, low production costs, and recent EU accession. However, the Czech energy sector is poised for dramatic changes, which mean good export opportunities for U.S. companies. The current electricity generation system still relies on the country's rapidly diminishing reserves of brown coal. In late 2005, the dominant Czech power generator Czech Energy Works (CEZ) announced several major retrofit projects for these coal plants.

Another major shift in the energy sector is the increased focus on renewable energy, spurred by EU accession. According to EU regulations, renewable sources should supply 8% of the Czech energy supply by 2010; currently, these sources supply only 3%. Biomass is considered the most important renewable source; some hydropower generation is already taking place. Wind and solar generation is considered of limited utility given natural conditions. The Czech Republic also makes use of nuclear energy, which accounts for 31 percent of CEZ's total capacity.

In terms of natural gas, the Czech Republic is fully dependent on imports, of which approximately 90% come from Russia.

Best Products/Services

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- Equipment for the retrofit of coal plants, including boilers and pumps.
- Control systems and software services for distribution networks
- Equipment/services for nuclear reactors
- Renewable energy equipment
- Control systems, pipeline reconstruction, underground storage for natural gas

Opportunities

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- CEZ owns coal-fired power plants accounting for 56 percent of generation that will reach the end of their expected working life within five years. The retrofit, modernization and construction of power plants controlled by CEZ represent promising export potential for U.S. companies. CEZ will publish tenders at www.cez.cz and www.centralniadresa.cz
- The government is preparing a plan for future energy sources that will seek a reasonable mixture of nuclear, coal-fired, and renewable energy sources.
- Appian Group (AG), Swiss/US owned company, intends to start building a \$1 billion coal-fired power plant in 2006 close to mines AG bought.
- The share of renewable energy should be raised to 8% by 2010. An increase would require about \$5 billion to be spent as capital expenditure by 2010, plus another \$1 billion as support.

Resources

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46th International Machinery Fair

September 18-20, 2005, Brno

A prestigious international trade fair attracting exhibitors and visitors from across Europe.

Web: www.bvv.cz/msv

Heating Days & Renewable Energy Sources

April 25-27, 2006, Hradec Kralove

International conference and trade event organized by the Association of Heating Companies and the Ministry of Environment.

Pragotherm

March 23-25, Prague

33rd international fair of energy, heating techniques, energy conservation technology, and insulation.

Ministry of Industry and Trade

Na Frantisku 32, 110 15 Praha 1

Jiri Bis, Deputy Minister (energy, metallurgy, construction)

phone: (+420) 224 811 477, fax: (+420) 224 852 206

web: www.mpo.cz

Ministry of Environment

Vrsoviccka 65, 100 10 Praha 10

Libor Ambrozek, Minister

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U.S. Commercial Service

Hana Obrusnikova, Senior Commercial Specialist

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Telecommunications Equipment (TEL)

Overview

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<i>in million USD</i>	2002	2003	2005 est.
Total Market Size	5,760	6,210	6,270
Total Local Production	5,672	6,031	6,782
Total Exports	1,681	2,815	2,911
Total Imports	1,593	2,289	2,291
Imports from the U.S.	67	48.5	49

Source: Czech Statistical Office, U.S. Customs, CS Prague unofficial estimates

Despite a worldwide telecom industry slowdown that began almost five years ago, the Czech telecom sector remains vibrant and growing. Cesky Telecom, the former state-owned monopoly, was privatized in Spring 2005. The market is highly competitive with robust U.S. and European firms and increasingly competitive Czech firms. Strong competitive and low (though increasing) Czech purchasing power mean that companies must keep prices low to win business. The decline of the U.S. dollar makes U.S. companies more competitive vis-à-vis European competitors, though Czech EU accession gives the Europeans a slight edge in tariff rates. U.S. companies with niche products and services will continue to find good opportunities and few market access barriers. The best market entry strategy continues to be working with a local partner, either an agent or OEM. Selling to the Czech government is possible, though it is not for the timid or easily discouraged.

Best Products/Services

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- Electronic components
- Network equipment

- Wireless equipment
- Data service equipment
- Voice service equipment
- Video conferencing equipment

Opportunities

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- Cesky Telecom' s new owner, the Spanish telecommunications giant Telefonica, increased investment and is committed to further modernization of the Czech telecom sector.
- E-commerce in the Czech Republic continues to grow. The progress is slow, but steady.
- U.S. suppliers are price competitive in the Czech Republic, due to the continuously fluctuating dollar.

Resources

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INTERNATIONAL FAIR OF INFORMATION AND COMMUNICATIONS

October 9-13, 2006, Brno

The largest telecom event in Central and Eastern Europe, and ranked as one of the top four IT fairs worldwide. Over 600 exhibitors from 18 countries regularly take part.

web: www.invex.cz, e-mail: invex@bvz

INTEC

April 13-15, 2006, Prague, Letnany Exhibition Hall

International information technology show

web: www.terinvest.com/intec, e-mail: intec@terinvest.com

Ministry of Informatics

Havelkova 1, 130 00 Praha 3

web: www.micr.cz, e-mail: posta@micr.cz

Czech Telecommunication Office (Regulatory body appointed by government)

Sokolovska 219 Prague 9

web: www.ctu.cz, e-mail: info@ctu.cz

U.S. Commercial Service

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Pollution Control Equipment (POL)

Overview

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<i>in million USD</i>	2003	2004	2005 est.
Total Market Size	145	160	167
Total Local Production	135	150	156
Total Exports	15	23	24
Total Imports	25	33	35
Imports from the U.S.	20	23	23

Sources: Unofficial estimates, Industry sources, Czech statistical office.

U.S. environmental technologies are highly competitive in this market. The Czech Republic's accession to EU was one of the main drivers for the introduction of new environmental laws. The expenditures that will be required in order to comply with these laws are estimated at over \$10 billion over the next seven years; fortunately, European Union structural funding will be available to assist the Czechs in meeting EU environmental standards. With a Czech partner, U.S. firms can compete for EU funds.

Best Products/Services

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- Biodegradable waste treatment
- Packaging & packaging waste recycling
- Waste water treatment technologies
- Brownfield remediation

Opportunities

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- \$700 million allocated for the implementation of the Integrated Prevention & Pollution Control (IPPC) system by the year 2007. Over 1,000 enterprises need an Integrated Operating Permit.
- Czech Republic has committed to Kyoto Accord to reduce green house gas emissions (GHG) to 8% by the end of 2012. (Today, the Czech Republic is producing 25% GHG.)
- Prague Waste Water Treatment Plant upgrade.

Resources

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VODOVODY & KANALIZACE + ENVI BRNO

May 23-25, 2006, Brno

This complex of trade fairs--the "Brno Environmental Fairs"--specialize in water management, but cover the entire spectrum of environment technologies.

web:www.bvv.cz

Ministry of Environment

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U.S. Commercial Service

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Additional Sectors

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Sporting Goods / Recreational equipment (SPT)

The Czech Republic has a long tradition of sporting and the sporting goods market is growing every year. The most popular sports are ice hockey, soccer, tennis, cross-country and downhill skiing, shooting, and scuba diving. With one of the highest densities of fitness centers in Europe, bodybuilding is also very popular in the Czech Republic. Drapa Sport, Giga Sport, and JB Sport are the largest retail stores in the market and U.S. products are quite common in these outlets. Many Czech consumers prefer U.S. products because of their wide range and good price. Czechs expect quality products and this is where U.S. companies can gain a strategic advantage over other competitors. Advertising has become an important part of the Czech consumer culture, and U.S. companies must be aware of this when developing their product positioning strategy. Finding an experienced Czech distributor is key to market access.

Architecture, Construction and Engineering Services (ACE)

The Czech construction market continues to experience high growth, with authorities granting 10% more building permits in 2005 than in 2004. Growth in the sector is driven by the demand for improvements to the transportation infrastructure, modern, high-quality commercial space, and large-scale industrial construction for foreign investors. Housing construction is on the rise as well, fueled by an increase in mortgage loans and new low-rate governmental loans for families. Outside of the Prague center, opportunities exist in the industrial market especially around Prague's Ruzyne airport and along the D1 highway, which connects Prague and Brno. In addition, property in and around the city of Ostrava is gaining popularity due to its importance as a distribution point that can serve both Poland and Slovakia.

A current trend among manufacturers and suppliers is to emphasize environmentally friendly products. U.S. producers have experience meeting stringent environmental regulations and this expertise can be used in the Czech Republic. The building products market is receptive to new, innovative, sophisticated – yet easy to use – products.

Best prospects include highway, road and bridge information and technology systems, sewage and wastewater treatment systems reconstruction. Other opportunities are storage buildings, houses for senior citizens and industrial parks development. To compete in this market, it is imperative that U.S. firms establish a local presence by working with a local partner.

Education/Training Services (EDS)

Czech students are very enthusiastic about studying in the United States as well as in U.S. higher education programs in the Czech Republic. The education market is made up of two distinct parts: student exchange programs and locally-based programs. U.S. schools seeking to promote student exchange programs should visit the market and discuss the programs with their Czech counterparts. Recent experience has shown that Czech educational institutions are very open to learning about U.S. exchange programs. Student exchange programs should be priced at a fee that reflects current comparatively low Czech wages.

U.S. schools looking to start a Czech-based program should visit the market as an initial step to evaluate what is already on offer and determine how their program can operate competitively and distinguish themselves from existing programs. While Prague already has a number of U.S.-sponsored or U.S.-style programs on offer, major towns elsewhere in the Czech Republic are hungry for this type of offering. Most U.S. schools choose to partner with a Czech educational institution to offer local programs.

Defense Industry Equipment (DFN)

Current defense spending is at 2.2% of GDP or \$1.1 billion annually. Procurement from abroad is crucial to military development since the Czech Republic does not produce telecommunications equipment, nonferrous metals, plastics, chemicals, transport machinery, or specialized metalworking equipment specifically designed for military use. The Czech government has adopted a plan to modernize the Czech armed forces into a highly mobile, small, and professional army; the initial target date was 2006, but the process is ongoing. One of top priorities of this effort has been to improve existing Czech military equipment, such as the Russian M-1 attack helicopters.

The U.S. government has played an important role in helping the Czech military transition to NATO compatibility. The U.S. Defense Department Foreign Military Sales (FMS) program includes funds for advisory assistance for restructuring and for acquisitions. Since 1996, the U.S. FMS program has provided over \$66 million to the Czech military.

Selling to the Ministry of Defense can be a time-consuming and complicated process, and the lack of transparency is a major obstacle for U.S. companies. Rumors of corruption and favoritism abound, but many seem to be unsubstantiated.

Best prospects include:

- Battlefield management systems
- Information technologies
- Communication technologies
- Civil defense equipment
- Aerospace, such as the equipment being procured under the VIP Fleet Tender (two small business jets and two helicopters)

Security/Safety Equipment (SEC)

Security equipment and services continue to be a top priority for the Czech government and private sector. The wars in Afghanistan and Iraq, along with lingering concerns about terrorism, have all played key roles in creating an enhanced security market in the Czech Republic.

Best prospects include:

- Security monitoring systems
- Training and services related to security equipment
- Personal access security systems
- Alarm equipment for buildings and motor vehicles
- Surveillance systems
- Fire prevention and control equipment
- High-tech security devices

B. Best Prospects for Agricultural Products

Dried fruits and nuts (almonds, pistachios, pecans, prunes, and other dried fruits and nuts) (HTS Number: 0802, 0813)

<i>In million USD</i>	2003	2004	2005 (est.)
Total market size	26	30	32
Total local production	3	3	3
Total exports	4	6	9
Total imports	26	31	37
Imports from the U.S.	11	12	14

Source: Czech Statistical Office <http://dw.czso.cz/pls/stazo/stazo.stazo>

Note: Many U.S. products enter via Germany or Netherlands and are counted under these countries, so real U.S. share is higher.

Almonds are mostly imported from California. Almonds sell well in retail, especially in the hypermarkets. The processing sector, bakers and confectioners, are still looking for cheaper substitutes for costly almonds, but purchasing power is growing and consumers are beginning to seek higher quality products. The Almond Board of California promotes almonds in the Czech Republic by holding seminars and participating at Snack Food shows.

Wine and spirits (HTS Number: 2204, 2208)

In mill. USD	2003	2004	2005 (est.)
Total market size	1,095	1,091	1,112
Total local production	1,018	956	980
Total exports	26	35	44
Total imports	103	170	176
Imports from the U.S.	5	8	8

Source: Czech Statistical Office <http://dw.czso.cz/pls/stazo/stazo.stazo>

Consumption of spirits is declining in the Czech Republic, but wine consumption is on the rise. The U.S. is maintaining its share of the bourbon market, while its percentage of wine import is growing rapidly due to the increased popularity of "New World" wines.

Fish and crustaceans (HTS Number: 03)

In mill. USD	2003	2004	2005 (est.)
Total market size	58	57	76
Total local production	48	48	49

Total exports	42	49	47
Total imports	52	58	74
Imports from the U.S.	2	3	5

Source: Czech Statistical Office <http://dw.czso.cz/pls/stazo/stazo.stazo>

The Czech Republic is a land-locked country and produces only fresh water fish, especially carp and trout (carp is a traditional Christmas dish). Ocean fish and seafood is entirely imported, and total imports are growing as Czechs move toward a healthier and more diverse diet containing more fish.

Best prospects for U.S. fish and seafood products include the following: Alaska salmon, Alaska pollock, scallops, shrimps, lobster, mackerel, and herring.

Soybean meal (HTS Number: 2304)

In mill. USD	2003	2004	2005 (est.)
Total market size	133	165	148
Total local production	0	0	0
Total exports	0.4	0.3	0.3
Total imports	133	165	148
Imports from the U.S.	60	65	70

Source: Czech Statistical Office <http://dw.czso.cz/pls/stazo/stazo.stazo>

Due to unfavorable growing conditions, the Czech Republic produces very little soybean meal and must import it. Most meal imports come through either Germany or Holland via barge or rail. Major U.S. competitors for this product are Argentina and Brazil. Imports of soybeans from the U.S. are currently lower due to GMO labeling requirements.

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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Tariff rates on U.S.-origin goods are contained in the EU's Common External Tariff schedule. Details are available through the EU or through the Czech Directorate of Customs/Ministry of Finance web page: www.mfcr.cz.

VAT and excise taxes are payable by the recipient of goods on the basis of Czech regulations. The value-added tax (VAT) applies to all goods, both domestic and foreign, sold within the Czech Republic. The VAT rate is generally 19%, although a lower VAT of 5% is charged for selected goods, such as food. As part of its fiscal reforms, and in order to meet EU requirements, the government has recently moved some services up to the 19% VAT rate. VAT on imports is calculated on the declared customs value plus applicable duty and excise tax.

Excise taxes are imposed on the following goods produced or imported into the Czech Republic: fuels and lubricants, tobacco products, beer, wine and liquor. The rate is determined by the type and quantity of the product and must be paid within ten days after being notified by the Customs Office of the tax amount due.

Trade Barriers

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The Czech Republic is committed to a free market and maintains a generally open economy, with few barriers to trade and investment. Membership in the European Union means that tariffs and standards, as well as most procedures, must conform to EU norms. This includes adoption of EU technical barriers to some imports of agricultural and food products. The importer usually handles customs formalities.

Goods transported to the Czech Republic under the Community Transit regime must be declared at a customs office in the Czech Republic. The following European Union legislation is directly applicable as of the date of accession:

- Council Regulation (EEC) no. 2454/93 of 12 October 1992, establishing the Community Customs Code, as amended,
- Commission Regulation (EEC) no. 2913/92 of 2 July 1993, laying down provisions for the implementation of Council Regulation (EEC) no. 2913/92.
- Council Regulation (EEC) no. 918/83 of 28 March 1983, setting up a Community system of relief from customs duty, as amended,
- Council Regulations (EEC) no. 2658/87 of 23 July 1987 on customs and statistical nomenclature and the Common Customs Tariff, as amended.

These regulations are available at http://europa.eu.int/eur-lex/en/search/search_lif.html .

Import Requirements and Documentation

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U.S. companies exporting into the Republic from outside the European Union are required to present:

- A commercial invoice
- A bill of lading
- A shipper's export declaration for items requiring an export license or valued above \$2,500) and a declaration of conformity (issued by importer)

The Czech Ministry of Industry and Trade issues import licenses to those seeking to import selected goods into the Czech Republic. While most products and services are exempt from the licensing process, oil, natural gas, pyrotechnical products, sporting guns, ammunition and military equipment require a license. Under EU rules, imports of clothing, shoes, porcelain, and steel from certain Asian and Eastern European countries may require licenses.

U.S. Export Controls

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The Czech Republic adheres to international export controls and works in close cooperation with the United States and other Western countries in implementing export controls on certain sensitive technologies. U.S. export controls on items exported from the United States to the Czech Republic are generally similar to those in effect on items exported to other Western European destinations. The U.S. Department of Commerce, Bureau of Industry and Security website (www.bxa.doc.gov) has details on U.S. export controls.

Temporary Entry

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Temporary exemptions from duty are allowed for certain items, such as merchandise samples and items for display at trade shows or exhibitions. The Czech Republic also accepts ATA carnets as a way of facilitating temporary admission through customs. For more information about obtaining a carnet for clearance of goods, samples or equipment intended for temporary entry only, contact your local U.S. Department of Commerce Export Assistance Center.

Companies exporting goods to the Czech Republic for the purpose of temporary use may do so as long as the period does not exceed 24 months (in some cases it is possible to extend this). The exact time period must be agreed upon with Czech Customs. When the goods are re-exported, three percent of the duty value per month that the goods resided in the Czech Republic must be paid if the goods were used (maximum will not exceed full duty amount). The potential customs debt must be secured by a guarantee.

Exports to the Czech Republic of raw materials and certain semi-finished products that are processed and then re-exported from the European Union enter duty-free. This is contingent upon the approval by Czech Customs of the conditions of processing and the handling of any waste caused through transformation of the goods.

Free Trade Zones

There are 10 free trade zones established in several cities throughout the Czech Republic; however, these zones have declined in popularity and utility since EU accession. Materials, components and semi-finished products are exempted from customs duties or VAT if they are imported into a free trade zone. If the goods are then used in the manufacturing or processing of a final product that is then re-exported, they are also exempted from duties or VAT. Duties and VAT are applied on the declared value of the goods if they are cleared for free circulation within the European Union. Similar rules apply to goods placed in a bonded warehouse; however, manufacturing operations are generally not permitted there.

Labeling and Marking Requirements

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Czech importers and distributors are responsible for the correct labeling of products that are put on the Czech market and can typically advise the U.S. exporter of specific requirements regarding labeling and marking.

Czech labeling and marking requirements for products depend on the type of product and the intended use. In general, however, labels must be in the Czech language and can be affixed to the product or on a leaflet attached to the product. Information must include the name of the product, name of producer, country of origin, and in some cases, instructions for use. Labels for some products, such as foods, beverages, food supplements, and textiles, must also provide content/composition. Special labeling rules for products with biotech content have recently been introduced. In addition, international norms for warning labels on consumer products apply.

Czech labeling requirements were harmonized with EU norms in 2002. EU regulations require that all labels use metric units. (Dual labeling is acceptable until the end of December 2009.) A Commission Communication encourages multilingual labels, while

preserving the freedom of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 80/232/EC provides permissible ranges of nominal quantities, container capacities and volumes of a variety of products. Consult: http://europa.eu.int/eur-lex/en/consleg/main/1980/en_1980L0232_index.html

Prohibited and Restricted Imports

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The list of prohibited imports includes certain veterinary and plant materials, freon, non-registered pharmaceuticals and chemical, biological, and nuclear weapons.

Customs Regulations and Contact Information

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After accession to the European Union on May 1, 2004, customs controls at the land borders of the Czech Republic were abolished. Immigration controls will continue. International airports, of which the largest is Prague Ruzyně airport, are the only external borders controlled by Czech customs authorities.

General Directorate of Customs

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tel: (++420) 261 331 111, fax: (++420) 261 332 000

e-mail: podatelna.grc@cs.mfcr.cz, web: www.cs.mfcr.cz

Standards

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Overview

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The Czech Republic has harmonized its standards with European norms. Products certified in the Czech Republic or another EU member state can be marketed in the Czech Republic. In addition, products certified to meet EU standards (identified by the "CE" mark) by authorized U.S. testing laboratories are acceptable. ISO 9000 standards are being used increasingly in the Czech Republic as evidence of high product quality.

Domestically, the "Czech Made" mark is an award given to products that are judged to be of outstanding quality, environmentally friendly, and favorable to energy consumption. This award is given to Czech products that are produced by a company or entrepreneur registered in the Czech Republic, with at least 60 percent Czech content measured by the cost of the final product.

Standards Organizations

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The organization that develops and maintains standards within the Czech Republic is the Czech Office for Standards, Metrology and Testing. Their website (www.unmz.cz/index_en.html) outlines standards legislation, and offers international contract documents as well as harmonized standards in accordance to particular government orders. The annual plan for the Czech Office for Standards, Metrology and Testing is the harmonization of current standards in the Czech Republic with those of the EU, and maintaining the standards in relation to new government policies.

The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.org/>)
- ETSI, European Telecommunications Standards Institute (www.etsi.org)
- CEN, European Committee for Standardization, handling all other standards (<http://www.cenorm.be/>)

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. The list of acceptable conformity assessment bodies in the Czech Republic listed by the European Commission is found at <http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm>.

Some products require certification (see below) before a declaration of conformity can be issued. Depending on the nature of the goods, a veterinary health certificate and/or a certificate of origin (for concessionary customs rates, if applicable) can also be required. Products containing genetically modified organisms require special approvals.

The United States and the European Union have entered into a conformity assessment agreement in an effort to unify assessment conditions between the US and EU. This agreement specifies the conditions by which each Party will accept or recognize results of conformity assessment procedures, produced by the other Party's conformity assessment bodies or authorities. More information and details of this agreement can be found at <http://www.useu.be/docs/mra98.pdf>.

Government-to-Government Mutual Recognition Agreements between the US and the EU are listed on the National Institute of Standards and Technology's website (<http://ts.nist.gov/ts/htdocs/210/gsig/mra.htm>).

Product Certification

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Products tested and certified in the U.S. to American standards are likely to have to be retested and re-certified to European Union (EU) requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements. Consult:

http://europa.eu.int/comm/consumers/cons_safe/prod_safe/index_en.htm.

European Union standards created in recent years under the New Approach are harmonized across the 25 EU member states and European Economic Area countries in order to allow for the free flow of goods. A feature of the New Approach is CE marking.

To sell their product on the EU market of 25 member states as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this chapter provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE Mark and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the European Union. A manufacturer can choose not to use the harmonized EU standards, but must then demonstrate that the product meets the essential safety and performance requirements.

The CE mark addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by EU Member State inspectors, the consumer may well perceive it as a quality mark.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE mark, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

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The Czech Accreditation Institute is the formal accreditation body for the Czech Republic and is recognized as a member by the International Laboratory Accreditation Cooperation (ILAC: www.ilac.org), the International Accreditation Forum (IAF: www.iaf.nu) and the European Accreditation Organization (EA: www.european-accreditation.org). Further information about the testing can be located on <http://www.cai.cz>.

Under the U.S./EU Mutual Recognition Agreements (MRAs), conformity assessment bodies based in the United States will be allowed to test in the United States to EU specifications, and vice versa. At this time, the U.S./EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (in transition), and recreational craft (in force). This link lists American and European Conformity Assessment bodies operating under a mutual recognition agreement: <http://ts.nist.gov/ts/htdocs/210/gsig/mra.htm>

Publication of Technical Regulations

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The Czech Office for Standards, Metrology and Testing (<http://www.unmz.cz>) publishes proposed and final technical regulations. U.S. firms may comment on proposed standards regulations through the website.

Published daily, the Official Journal of the European Union covers draft and adopted legislation, case law, questions from the European Parliament, studies by committees, and more: <http://europa.eu.int/eur-lex/en/index.html>.

This site lists the standards reference numbers linked to legislation: www.newapproach.org/Directives/DirectiveList.asp.

National technical regulations are published on the European Commission's website: <http://europa.eu.int/comm/enterprise/tris/>. Interested parties may offer comments.

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Czech labeling requirements were harmonized with EU norms in 2002. EU regulations require that all labels use metric units. (Dual labeling is acceptable until the end of December 2009.) A Commission Communication encourages multilingual labels, while preserving the freedom of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 80/232/EC provides permissible ranges of nominal quantities, container capacities and volumes of a variety of products. Consult: http://europa.eu.int/eur-lex/en/consleg/main/1980/en_1980L0232_index.html

U.S. Government Contacts:**U.S. Embassy Prague, U.S. Commercial Service**

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Czech Contacts:**Czech General Directorate of Customs**

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Licensing Office Department, Ministry of Industry and Trade
Na Frantisku 32, 110 15 Praha 1, tel: (++420) 224 221 828, fax: (++420) 224 212 133
e-mail: mpo@mpo.cz , web: www.mpo.cz

Czech Office for Standards, Metrology and Testing
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Czech Accreditation Institute
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EU Contacts

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Foreign Commercial Service, European Union
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CEN – European Committee for Standardization
Rue de Stassart 36, B – 1050 Brussels, Belgium
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CENELEC – European Committee for Electrotechnical Standardization
Rue de Stassart 35, B – 1050 Brussels, Belgium
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Trade Agreements

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As a member of the European Union, the Czech Republic participates in all free trade arrangements entered into by the EU. The Czech Republic is a signatory to GATT and member of the WTO. The Czech Republic also maintains a Bilateral Investment Agreement with the United States.

Web Resources

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Bureau of Industry and Security/U.S. Department of Commerce
Export Counseling Division
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web: www.bxa.doc.gov

Czech General Directorate of Customs

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Licensing Office Department, Ministry of Industry and Trade

Na Frantisku 32, 110 15 Praha 1, tel: (++420) 224 221 828, fax: (++420) 224 212 133
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Czech Office for Standards, Metrology and Testing

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Council Directive 80/232/EC

http://europa.eu.int/eur-lex/en/consleg/main/1980/en_1980L0232_index.html

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Openness to Foreign Investment

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Maintaining an open investment climate has been a key element of the Czech Republic's transition from a Communist, centrally planned economy to a functioning market economy. As a member of the European Union, with an advantageous location in the center of Europe, low cost structure and a well-qualified labor force, the Czech Republic has been an attractive destination for foreign investment. Prior to its EU accession in 2004, the Czech government harmonized its laws and regulations with those of the European Union. The Czech economy experienced record economic growth in 2005, with low inflation. The Czech government offers attractive incentives for foreign direct investment. Legally, foreign and domestic investors are treated equally. Enforcement of intellectual property rights is improving. The U.S. is among the top five investors in the Czech Republic.

For several years, the Czech Republic has received more foreign direct investment (FDI) per capita than any other country of the former Soviet bloc. Gross Domestic Product (GDP) growth was 4.4% in 2004 and is forecasted to reach 4.8% in 2005 and 4.1% in 2006, according to the International Monetary Fund (IMF). Economic growth is based largely on significant inflows of foreign investment and growth in exports. Compared to FDI and trade, consumer demand made only a minor contribution to GDP growth in 2005. Foreign investment is boosting productivity and exports, creating new jobs and raising wages and domestic consumption. It is also contributing to a trend of appreciation in the value of the Czech currency, the crown. This phenomenon is helping to keep inflation low (hovering just under 2% through most of 2005, but expected to rise slightly next year according to the IMF), but somewhat reduces the competitiveness of

Czech exports. Some unfinished elements in the economic transition, such as the slow pace of legislative reforms and the uneven enforcement of contracts by the Czech courts, have adversely affected investment, competitiveness, and company restructuring.

The Czech government has harmonized its laws with EU legislation and the so-called "acquis communautaire". This effort has involved positive reforms of the judicial system, civil administration, financial markets regulation, intellectual property rights protection, and many other areas important to investors. While there have been many success stories involving American and other foreign investors, a handful have experienced problems, mainly in heavily regulated sectors of the economy such as the media and in enterprises where the state is a partner. Investors also complain about difficulties in enforcing contractual rights, including security interests. The slow pace of the court system is often compounded by judges' lack of familiarity with commercial or intellectual property cases. Needed reforms of the system for registering companies and the bankruptcy laws have been slow in coming but proposals in both areas are before parliament for discussion. Concerns about corruption have been voiced by foreign and domestic businesses alike. Transparency International ranked the Czech Republic 47 out of 158 countries on their Corruption Perceptions Index 2005.

Parliamentary elections will be held in June 2006. All mainstream political parties welcome foreign investment.

Organizational Structure of Investments

Foreign investors can, as individuals or business entities, establish sole proprietorships, joint ventures and branch offices in the Czech Republic. In addition, the government recognizes joint-stock companies, limited liability companies, general commercial partnerships, limited commercial partnerships, partnerships limited by shares, and associations.

National Treatment

Legally, foreign and domestic investors are treated identically. Both are subject to the same tax codes and laws. The government does not differentiate between foreign investors from different countries, and does not screen foreign investment projects other than in the banking, insurance and defense sectors. Upon accession to the OECD, the Czech government agreed to meet (with a small number of exceptions) the OECD standards for equal treatment of foreign and domestic investors and limitations on special investment incentives. The U.S.-Czech Bilateral Investment Treaty contains specific guarantees of National Treatment and Most Favored Nation treatment for U.S. investors in all areas of the economy other than insurance and real estate. (See the section on the Bilateral Investment Treaty below)

Exempted Sectors

According to CzechInvest, the Czech agency tasked with attracting and facilitating FDI, all sectors of the Czech economy are open to foreign investment. Investors in the banking, financial services, insurance and broadcast media sectors must meet certain licensing requirements. Some professions, such as architects, physicians, lawyers and

tax advisors, require memberships in the appropriate professional chamber. These licensing and membership requirements apply equally to foreign and domestic investors.

Privatization

More than eighty percent of the Czech economy is now in private hands after several waves of privatization of formerly state-owned companies since 1989. Privatization programs have been open to foreign investors. In fact, most major state-owned companies have been privatized with foreign participation. The government evaluates all investment offers for state enterprises. Non-transparent and unfair practices have been alleged in connection with some recent privatizations.

Conversion and Transfer Policies

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The Czech crown is fully convertible. There is one transfer policy that affects foreign investors: non-resident foreign individuals and companies without registered offices in the Czech Republic cannot purchase real estate (usually a separate company is set up in the Czech Republic to work around this limitation). Imports or exports of more than 350,000 Czech crowns in cash, travelers' checks or money orders must be declared at the border.

The U.S.-Czech Bilateral Investment Treaty guarantees repatriation of earnings from U.S. investments. A 15% withholding tax is charged on repatriation of profits from the Czech Republic. This tax is reduced under the terms of applicable double taxation treaties. For instance, under the U.S. treaty, the rate is 5% if the U.S. qualifying shareholder is a company controlling more than 10% of the Czech entity, and 15% otherwise. There are no administrative obstacles for removing capital. The law permits convertibility into any currency. The average delay for remitting investment returns meets the international standard of three working days.

Expropriation and Compensation

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The Embassy is unaware of any expropriation of foreign investment since 1989. Government acquisition of property is done only for public purposes (similar to property condemnation in the United States for public works projects) in a non-discriminatory manner, and in full compliance with international law. It is unlikely that any investor losing property due to a governmental taking would not receive full compensation.

Another issue of concern to foreign investors in the Czech Republic is restitution. In 1990 and 1991, the federal government of Czechoslovakia enacted various laws aimed at compensating those people whose property was confiscated by the communist regime during the period of 1948-1989. Under the restitution laws, persons have the right to claim compensation for property taken from them by the communist government. Most claims for restitution of non-agricultural property had to be filed by October 31, 1991, and agricultural property by December 1992. There were additional open seasons

for claims in 1994 and 1998 respectively but all deadlines for these claims expired on July 8, 1999. In 2000, however, a new Law to Alleviate Some of the Property Damages Caused by the Holocaust entered into force. It amends the restitution laws allowing the state, subject to certain conditions, to return communal Jewish property, works of art and land illegally seized by the Nazis to entitled Jewish communities and individuals.

Although deadlines for submitting restitution claims are now officially past (note: recent court decisions have struck down the deadline as it applies to direct restitutees and their heirs), it is nevertheless important that foreigners seeking to invest in the Czech Republic first ensure that they have clear title to all land and property associated with potential projects. The process of tracing the history of property and land acquisition can be complex and time-consuming, but it is necessary to ensure clear title. Title insurance is not yet offered in the Czech Republic. Investors participating in privatization of state-owned companies are protected from restitution claims through a binding contract signed with the government.

Dispute Settlement

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The Czech commercial code and civil code are largely based on the German legal system. The commercial code details rules pertaining to legal entities and is analogous to corporate law in the United States. The civil code deals primarily with contractual relationships among parties. When the Czech Republic was formed in 1993, the new Czech government maintained the previous commercial and civil codes. The laws have been extensively amended since then, but gray areas still remain. The judiciary is independent, but decisions may vary from court to court. Commercial disputes, particularly those related to bankruptcy proceedings, can drag on for years. A new, streamlined Commercial Registry process took effect on July 1. While the new legislation is an improvement over the previous system, which placed the registry process entirely in the hands of the courts, companies report that in practice the process is still quite time-consuming.

The bankruptcy law has long been identified as an important structural impediment. Most observers believe the slow and uneven performance of the courts and weakness of creditors' legal standing to be an impediment to increased lending to small and medium enterprises. The law also lacks provisions for corporate restructuring. In 2005, the Czech government agreed on the need for a completely new, effective bankruptcy law. The draft bill – prepared with extensive commentary from foreign investors – passed the first reading in parliament in late 2005 and passage is expected in the first half of 2006.

The Czech Republic ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 1993. The U.S.-Czech Bilateral Investment Treaty provides for international arbitration of investment disputes with the state. The Czech Republic has ratified the New York Convention on the Recognition and Enforcement of Arbitral Awards. As a signatory of the latter convention, it is required to uphold binding arbitration awards in disputes between Czech and foreign parties. However, arbitration of disputes between two Czech corporations outside the Czech Republic is not permitted, even if the owners are foreign. Applications for enforcement of

foreign judgments can be made to the Czech courts and will be determined in accordance with a bilateral recognition treaty, if any, or otherwise pursuant to the requirements of Czech law. Judgments rendered in other EU countries are enforceable in accordance with applicable EU regulations.

Performance Requirements and Incentives

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In 1998 the Czech government approved a package of incentives to attract investment. The incentives are offered to foreign and domestic firms that make a \$10 million manufacturing investment through a newly registered company. The package includes relief from corporate taxes for up to ten years, job-creation grants, re-training grants and opportunities to obtain low-cost land. A tax incentive is also available for expansion of an existing manufacturing investment. Subsidies are offered for services centers for software development, customer service and repairs. More recently, subsidies to attract high technology and research and development centers have been added. Tax deductions for new machinery, real estate tax relief, job creation grants, re-training grants, simplified customs procedures and duty-free import of machinery are also available under certain conditions to qualified companies. The incentives were developed with the assistance of the EU in order to ensure their compatibility with EU rules on industrial subsidies. Therefore, there has been no change to the incentive program as a result of the Czech Republic's accession to the European Union.

The Czech Republic is in compliance with WTO Trade Related Investment Measures. There are currently no general performance requirements imposed on foreign firms for establishing, maintaining, or expanding their investments, except in connection with the incentives described above. These performance requirements generally relate to the amount of investment or hiring of employees if special job-creation grants are received with the incentive package. For more information contact CzechInvest, Director Mr. Tomas Hruda, phone: 420-296 342 500, fax: 420-296 342 502, address: Stepanska 15, 120 00 Praha 2, Czech Republic, info@czechinvest.org, www.czechinvest.cz. Special performance requirements are negotiable.

Foreign workers in the Czech Republic must obtain permits and visas in advance of their taking up employment and residence. The process of obtaining the required permits can be time-consuming.

Right to Private Ownership and Establishment

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The right of foreign and domestic private entities to establish and own business enterprises is guaranteed by law in the Czech Republic. Enterprises are permitted to engage in any legal activity with the previously noted limitations in some sensitive sectors. Personal ownership of real estate by non-resident foreign individuals is not permitted, but since January 1, 2002, foreign companies registered to do business in the Czech Republic and Czech branches of foreign entities may own real estate, other than agricultural and forest land. Since May 1, 2004, EU, U.S. and some other nationals can

purchase real property if they comply with temporary residence requirements. Czech legal entities, including 100% foreign-owned subsidiaries, may own real estate without any limitations.

Protection of Property Rights

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Existing legislation guarantees protection of all forms of property rights, both intellectual and physical. Secured interests in land (mortgages) and in personal property are permitted. Government subsidy programs are making mortgage financing more accessible, and consumers are becoming more used to using both secured and unsecured forms of credit. According to American lawyers in the Czech Republic, enforcing judgments and foreclosing security interests in land and personal property can still be difficult in practice.

Major amendments to the Commercial Code came into force in 2001 that strengthen protection of creditors and minority shareholders. The law includes detailed provisions for mergers and places time limits on decisions by the authorities on registering of companies. New laws on auditing and on accounting were also enacted. These laws include the use of international accounting standards (IAS) for consolidated corporate groups.

The Czech Republic is a signatory to the Bern, Paris, and Universal Copyright Conventions. In 2001, the government ratified the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Treaty on Performances and Phonograms. Domestic legislation protects all intellectual property rights, including patents, copyrights, trademarks, and semiconductor chip layout design. Amendments to the trademark law and the copyright law have brought Czech law into compliance with relevant EU directives and WTO Trade-Related aspects of Intellectual Property rights (TRIPS) requirements. Changes to the civil procedure code, effective January 1, 2001, provide for ex parte search and seizure in enforcement actions. The Czech Republic increased copyright protection for literary works from 50 to 70 years, effective December 1, 2000, and boosted the powers of the customs service and the Czech Commercial Inspection to seize counterfeit goods. The Embassy continues to work with U.S. industry and Czech government officials to further improve enforcement of intellectual property rights. Currently, a minor but beneficial amendment to the Copyright Law passed the first reading in parliament and would further increase IPR protection.

Transparency of Regulatory System

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Tax, labor, environment, health and safety, and other laws generally do not distort or impede investment. Policy frameworks are consistent with a market economy. All laws and regulations are published before they enter into force. Opportunities for prior consultation on pending regulations exist, and all interested parties, including foreign entities, can participate. A biannual governmental plan of legislative and non-legislative work is available on the Internet, along with information on draft laws and regulations (often only in Czech language). Comments can be and are made by business associations, consumer groups and other non-governmental organizations, including the

American Chamber of Commerce.

However, bureaucracy and unnecessary red tape remain a source of complaints by both domestic and foreign investors. Delays and allegations of corruption are common, especially in the process of registering companies and changes to corporate structure, and are of particular concern to foreign companies operating in the Czech Republic.

In content and principle, Czech competition policy meets OECD standards. An Act on the Protection of Economic Competition entered into force in 2001, adopting rules consistent with EU competition policy as regards restrictive agreements, abuse of dominant position and merger control.

Efficient Capital Markets and Portfolio Investment

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The government privatized the last state-owned bank in 2001 and foreign-controlled banks now manage 95% of total banking assets. The banking sector has recovered from the 1998-99 recession, the poor payment discipline of many of the banks' clients, and non-competitive loans offered in the early 1990s. Stricter oversight by the central bank has been imposed. Commercial banks have returned to profitability after posting losses in 1999. As of September 30, 2005, the total assets of commercial banks stood at \$122.7 billion. As of the same date, non-performing loans amounted to 12.8% of total credit volume, compared to 28.8% in 2000. This figure does not include non-performing loans (with a face value of \$2.4 billion as of Nov. 30, 2005) transferred to the Czech Consolidation Agency, which is charged with liquidating them. Foreign investors have access to bank credit on the local market, and credit is generally allocated on market terms. In 2002, the banks for the first time established a mechanism for sharing credit histories of borrowers.

The Czech securities market has been handicapped by a poor reputation generated by several years of lax regulation, fraud and scandals. However, when the economy thrives the market follows suit, and although the Prague Stock Exchange (PSE) is small (with only 39 companies listed for stocks), it has recorded over a 40% increase in 2005 according to the exchange's statistics. The first successful initial public offering of a company's shares since the stock market opened in 1992 took place in 2004. In 1998 the government created a Securities and Exchange Commission to function as capital market watchdog. The Commission has made important strides in establishing a regulatory framework for Czech capital markets and enforcing new rules. It has employed a large number of new staff. A new securities law was adopted in 2001 to improve regulation of brokers and dealers. Legislation adopted in 2002 gives the SEC more flexibility in issuing guidelines and requiring reporting of information. In 2006, the SEC will be moved into the Czech National Bank in a plan to bring all of the financial regulators under one roof.

Political Violence

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The risk of political violence in the Czech Republic is extremely low. The Czech lands have never had a history of political violence or terrorism in modern times. Two recent historic political changes -- the "Velvet Revolution" which ended the Communist era in

1989 and the division of Czechoslovakia into the Czech Republic and Slovakia in 1993 -- occurred without loss of life or significant violence.

Corruption

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Current law makes both giving and receiving bribes criminal acts, regardless of the actor's nationality. Jail sentences have been increased to up to eight years for officials, with stiffer penalties for bribery previously enacted by Parliament. Bribes cannot be deducted from taxes. Law enforcement authorities are responsible for combating corruption. These laws are applied equally to Czech and foreign investors. The Czech Republic ratified the OECD anti-bribery convention in January 2000.

While there has been no lack of public accusations and suspicions of bribery, only a few cases have reached the prosecution and conviction stage. Allegations of corruption are most pervasive in connection with the court-controlled system of company registration and the police. Such allegations have also been raised in the course of recent privatizations and government procurements. A new government procurement law, required for EU accession, is intended to curb illegal activities in this sphere. The Transparency International chapter in the Czech Republic actively conducts public information campaigns through distribution of posters and has given numerous broadcast and print media interviews on corruption and bribery cases. Both in 2004 and 2005, the government proposed legislative changes and other actions to reduce corruption in public life.

Bilateral Investment Agreements

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The former government of Czechoslovakia signed a bilateral investment treaty (BIT) with the United States, which came into effect in 1992. The Czech Republic adopted this treaty in 1993, after the split with Slovakia. Amendments to the treaty were approved in 2003 following negotiations involving both the Czechs and the European Commission designed to meet EU concerns about perceived conflicts with the EU *acquis communautaire*. The Czech government subsequently requested the United States consider further amendments that would affect the BIT's coverage and dispute settlement provisions; bilateral discussions are continuing.

To date, 74 countries have signed and ratified similar agreements with the Czech Republic. They include: Australia, Austria, Belgium-Luxembourg, Bulgaria, Canada, China, Denmark, Finland, France, Germany, Greece, Hungary, Israel, Indonesia, Italy, Jordan, Kazakhstan, Lebanon, North and South Korea, Mongolia, Norway, Paraguay, Poland, Russia, Slovakia, South Africa, Spain, Sweden, Switzerland, Thailand and the United Kingdom. Agreements with other countries are in the process of ratification.

A bilateral U.S.-Czech Convention on Avoidance of Double Taxation has been in force since 1993. In 2005 negotiations began on a Totalization Agreement that would cap deductions for social security plans.

OPIC and Other Investment Insurance Programs

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Finance programs of the Overseas Private Investment Corporation (OPIC), including investment insurance, have been available in the Czech Republic since 1991. Investors are urged to contact OPIC's offices in Washington directly for up-to-date information regarding availability of services and eligibility. The OPIC InfoLine (202) 336-8799 offers general information 24 hours a day. Application forms and detailed information may be obtained from OPIC, 1100 New York Avenue, NW, Washington D.C. 20527. The Czech Republic is a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor

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The wide availability of educated, low-cost labor on the doorstep of the more expensive Western European labor market is a major attraction for foreign investors, particularly those looking to invest in manufacturing industries. Wages and benefits are on the rise, but the Czech Republic will still have far lower labor costs in the years ahead than those in Western Europe (although labor costs further to the East will remain even lower, including in EU candidate countries Romania and Bulgaria). There are currently no significant shortages of specialized labor skills, though foreign investors still cite weaknesses in middle-management levels. Various factors, including rigidities in the housing market, reduce the mobility of Czech workers within the country.

By law, all workers have the right to strike once mediation efforts have been exhausted, with the exception of workers in sensitive positions (nuclear power plant operators, military, police, etc.) Significant labor unrest remains rare, particularly in the private sector. Public sector unions, notably the rail workers and health workers, have staged strikes when the government tried to limit public sector wage increases. Workers in the Czech Republic have the legal right to form and join unions of their own choosing without prior authorization. Currently, about 20% of the total labor force is a member of some labor organization. The overall number of union members has fallen sharply since 1991, reflecting the fact that union membership is no longer compulsory. Although union membership has been dropping at a rate of 8% per year, the current government is responsive to labor concerns and a new labor code in parliament is considered by observers to be 'labor-friendly' and a key priority for the government prior to the June 2006 elections.

The Ministry of Labor and Social Affairs sets minimum wage standards. On January 1, 2001, a new labor code entered into force, harmonizing domestic rules with the EU. The standard workweek is 40 hours. Caps exist for overtime. Workers are assured 30 minutes of paid rest per work day and annual leave of at least four weeks per year.

Foreign-Trade Zones/Free Ports

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Czech law permits foreign investors involved in joint ventures to take advantage of commercial or industrial customs-free zones into which goods may be imported and later

exported without depositing customs duty. Duties need be paid only in the event that the goods brought into the free zone are introduced into the local economy. The investment incentive package also permits duty-free import of high tech goods and creation of additional foreign-trade zones. Due to EU accession and the investment incentives offered by the government, the advantages of using these free-trade zone are limited and they have waned in popularity.

Foreign Direct Investment Statistics

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According to the preliminary data compiled by the Czech National Bank, the stock of foreign investment in the Czech Republic at the end of 2004 (including reinvestment of profits) totaled \$49.7 billion in 1993-2004 (72.2% of 2004 GDP). The Netherlands and Germany are officially the leading foreign investors. Their investments totaled \$15 billion (21.9%) and \$10.2 billion (14.8%) respectively, followed by Austria with \$5.8 billion (8.4%), France with \$3.8 billion (5.5%), the United States \$2.6 billion (3.8%) and UK with \$2 billion (2.9%). Other major investors included Belgium, Switzerland and Slovakia. In 2005, massive investment in the local telephone company by a Spanish company brought in \$4.8 billion of the total Spanish FDI of \$9.5 (12.2% of estimated 2005 GDP) in the first 3 quarters of the year. Czech Republic ranked second in Central and Eastern Europe (after Estonia) in both FDI stock and inflow per capita in 2004 and based on projections, is likely to become number one in 2005 on both accounts. The upswing in investment since 1998 is generally attributed to the introduction of investment incentives, as well as the Czech Republic's natural advantages.

By sector, from 1993-2004 foreign direct investment stock was divided into manufacturing (\$21.1 billion or 42.4%), financial services (\$8.1 billion or 16.3%); trade, hotels and restaurants (\$6.7 billion or 13.5%); transportation and telecommunications (\$2.7 billion or 5.5%); real estate and business activities (\$4.6 billion or 9.3%); and electricity, gas and water supply (\$3.5 billion or 7.1%). Other sectors attracting foreign investment included mining and construction. Government officials anticipate the steady inflow of investment to continue.

The stock of Czech direct investment abroad totaled \$2.8 million as of December 2004. The flow of Czech investment abroad was \$546.2 million in 2004 alone, with principal destinations of Bulgaria (67%), followed by Slovakia (17.1%), Portugal (3.3%), and U.K. (3.2%). 1.4% of 2004 FDI outflows went to the United States.

Significant foreign investors include:

U.S.

Conoco/Dupont	\$665 mil
Philip Morris	\$420 mil
Pepsi-Cola International	\$291 mil
Coca Cola	\$200 mil
IFC Kaiser	\$176.4 mil
Cable, Design and Technology	\$170 mil

(CDT)		
Ford Motor Company		\$115 mil
E.M. Warburg Pincus and Co. LLC		\$110 mil
Proctor and Gamble		\$109 mil

Other Countries

Telefonica	Spain	\$4.8 bil*
RWE Gas AG	Germany	\$3.6 bil
Toyota/PSA	Japan/France	\$1.3 bil
KBC Bank NV	Belgium	\$1.2 bil
Volkswagen AG	Germany	\$1.2 bil
Societe Generale	France	\$1.0 bil
ING Holdings	Netherlands	\$936 mil
Philips	Netherlands	\$733 mil
South African Breweries	South Africa	\$619 mil
Kappa Packaging BV	Netherlands	\$445 mil
Siemens	Germany	\$373 mil
Daewoo	Korea	\$357 mil
DHL	Germany	\$230 mil

* 2005 investment, final amount subject to change.

Sources of data for this report included the Czech Statistical Office, the Czech National Bank, CzechInvest, OECD, IMF and Central European Advisory Group.

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How Do I Get Paid (Methods of Payment)

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Most Czech firms use prepayment or partial prepayment with the balance due upon delivery or net 30-day terms. On shipments under US\$2,000, consider asking the buyer to pay by credit card. Czech firms are familiar with letters of credit, documentary collections, and wire transfer/cash in advance. Most would prefer not to use a letter of credit due to its high cost.

Although smaller sales of U.S. goods up to about US\$50,000 are common, above this threshold many small Czech businesses cannot afford or secure financing. An U.S. firm's ability to provide or arrange financing is often key to building significant market share.

The most attractive solution for exporters of consumer goods and industrial components may be to offer your distributor a container of product on consignment, and to enable your distributor to use proceeds from the first container to finance additional containers. For higher-value items, financing is tricky, yet crucial. Lease finance is an increasingly popular approach for equipment, vehicles, and other large capital items. Exporters should contact the U.S. Eximbank and Small Business Administration for information about their trade financing programs. In addition, a number of U.S. states and port authorities may offer financing assistance.

How Does the Banking System Operate

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U.S. firms will be able to choose between a number of foreign banks and large local banks offering highly professional service. Foreign and large domestic banks (such as Komerční and CSOB) offer corporate checking accounts and debit cards. Internal bank transfers take one day; domestic transfers take three days; transfers between major U.S. and Czech banks usually take less than a week. The top Czech commercial banks offer brokerage, investment advisory and underwriting services.

Foreign-Exchange Controls

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The Czech crown is fully convertible and there are no foreign exchange controls affecting trade in goods.

U.S. Banks and Local Correspondent Banks

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Project Financing

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Because most Czech firms and government agencies lack expertise in assembling financing packages for major projects or acquisitions, your ability to aid them in this process will be a critical part of the sales process. In some cases, your willingness to help assemble financing will put you ahead of competitors; in still more cases, your ability to put together a financing package will create a market that otherwise would not exist.

When looking beyond the first stage into project development, your firm will need to work with Czech counterparts to assemble a complex package from several sources. Besides private financing from banks or other sources, possible sources of funding include:

- U.S. Eximbank (to finance U.S. equipment purchases)

- Local bond offerings (for municipal and government projects)
- International Finance Institutions (such as the European Investment Bank and the European Bank for Reconstruction and Development), or
- The European Union's structural and cohesion funds.

Web Resources

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U.S. Funding Sources:

Export-Import Bank of the United States:

web: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

Overseas Private Investment Corporation (OPIC)

web: <http://www.opic.gov>

U.S. Trade and Development Agency (USTDA)

Andrea Lupo

tel: (703) 875-4357, fax: (703) 875-4009

web: <http://www.tda.gov/>, e-mail: alupo@tda.gov

U.S. Small Business Administration

Office of International Trade

Office of International Trade

web: <http://www.sba.gov/oit/>

U.S. Department of Agriculture

Commodity Credit Corporation

web: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development

web: <http://www.usaid.gov>

EU Funding

European Commission

EU funding is used to build infrastructure, strengthen public administration, adopt EU legislation, and promote democratic institutions.

In Brussels:

U.S. Mission to the EU.

EU Funding Advisor

e-mail: brussels.ed.office.box@mail.doc.gov, web:

<http://www.buyusa.gov/europeanunion>

U.S. Commercial Service EU

John Bensky, Senior Commercial Officer

tel.: (+32) 2 508 2425, fax: (+32) 2 512 6653

e-mail: jonathan.bensky@mail.doc.gov, <http://www.buyusa.gov/europeanunion>

In Prague:

European Union

Stephen Collins, Head of Investment Section,

tel.: (+420) 2 2431-2835, fax (+420) 2 2431-2850

e-mail: archiv@delcze.cec.eu.int, web <http://europa.eu.int>.

CzechInvest

Mr. Radim Konecny, EU Grants Department

tel.: (+420) 296 342 492, fax: (+420) 296 342 502

e-mail: programy@czechinvest.org, web: <http://www.czechinvest.org>

European Bank for Reconstruction and Development (EBRD)

Like the IFC, EBRD can either work independently, or arrange co-financing packages in conjunction with other multilateral government and private institutions.

In London:

U.S. Delegation to the EBRD

Alice Davenport, Senior Commercial Officer

tel.: (+44 171) 588-4027/28, fax: (+44 171) 588-4026

e-mail: alice.davenport@mail.doc.gov, web: <http://www.ebrd.org>

EBRD

Alain Pilloux, Director, PCSB Team London HQ,

tel.: (+44 171) 338-6561, fax: (+44 171) 338-7199.

In Prague:

EBRD

Arthur Schankler

tel.: (+420) 222 814 551, fax: (+420) 224 814 522

e-mail: e-schankla@ebrd.com.

European Investment Bank (EIB)

EIB is the EU's long term financing institution; its goal is to contribute towards the integration, balanced development and economic and social cohesion of the Member countries.

Mr. Paul Gerd Löser

tel.: (+35 2) 43 79 31 39, fax: (+35 2) 43 79 3189

e-mail: p.loeser@eib.org, web: <http://www.eib.org>.

Sources of information on EU Funding

The American Chamber of Commerce to the European Union in Brussels, Belgium offers a number of publications with up-to-date information on the most important EU proposals and how they impact business. These publications can be found on the Web at: <http://www.amchameu.be>

The American Chamber of Commerce in the Czech Republic developed a practical *Guide on How to Apply for and Receive Structural Funding in the Czech Republic*. This very practical document will help you navigate the structural funding labyrinth, and help you develop projects that will successfully be granted EU funding.

e-mail: amcham@amcham.cz; web: <http://www.amcham.cz>

The US Mission to the European Union developed an International Market Insight report: *EU Structural & Cohesion Funds: Opportunities in the Member States*.

For more information please visit:

http://europa.eu.int/comm/environment/funding/intro_en.htm

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Chapter 8: Business Travel

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Business Customs

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Because Prague is a relatively small, tightly knit city, word-of-mouth reputation is extremely important, and news about you -- good or bad -- will spread quickly. Czechs are more reserved than Americans, and will be nervous about a typical American "let's get down to business" approach. Start slowly by building a few good relationships. Let your new Czech friends introduce you to their contacts, and soon you will have a good business network. An attempt to take the city by storm with a flurry of quick meetings and barrage of e-mails is more likely to arouse suspicion than business. Czechs prefer to get to know you -- to learn about your background and your company, and then, if they are comfortable with you, get down to deal-making around the dessert course, or even at a follow-up meeting. Most Czechs want to build long-term, two-way business relationships, and will be put off by too much emphasis on an immediate sale.

Czechs do not smile as a social signal of greeting, as do Americans, Britons, and many other cultures, but only when they are amused or pleased. This can create a false impression that Czechs are cold or unfriendly. Czechs are a more formal people than are Americans, and a serious demeanor is regarded as a sign of respect for the visitor and the business being transacted.

The business custom is to be punctual - even early - for appointments and engagements. It is best to start arranging meetings several weeks before you visit, as Czechs are reluctant to arrange impromptu meetings at the last minute.

Czechs dress more formally than their American counterparts preferring dark business suits and ties, and often vests. While a blazer or sports jacket is sometimes acceptable, Czechs find "American casual" a turn-off.

Business partners do not usually call each other by their first names, and Czechs may be offended if their foreign visitors address them by their first names without first being invited to do so. It may take several meetings to establish a sense of rapport and a more relaxed attitude.

Czechs are very gracious and will open a meeting with the offer of coffee, tea, water, juice, and cookies when they host business visitors. It is polite to accept at least a glass of water. Coffee and tea will be served in real china cups and juice or water in glass or crystal - never plastic or Styrofoam. Business luncheons normally are more formal and leisurely than in the United States. Even if dining alone with one business contact, expect to order multiple courses and do not expect the lunch to be finished in less than two hours. Rushing through lunch because of the press of business is considered ill mannered. Working breakfasts are not common in the Czech Republic. Although the Czechs regard the custom as an amusing American oddity, they are also very amenable to attending, as an offer of food is considered gracious and the typical Czech working day starts early.

Travel Advisory

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The Department of State has issued multiple public announcements since September 11, 2001 cautioning Americans worldwide to maintain a level of vigilance against potential terrorist incidents. All Americans are advised to be continually aware of their surroundings and be alert to suspicious activities or individuals. There are no outstanding travel advisories warning against travel to the Czech Republic.

Prague and other Czech cities are very safe by U.S. standards, but visitors are encouraged to exercise common sense precautions and be particularly wary of Prague's famously efficient pickpockets and occasional mugging/violent street crime. Be careful in and around train stations and when boarding and exiting trams. Taxi drivers, particularly those at train stations and those hailed on the street, are notorious for overcharging; occasionally becoming abusive if exorbitant fares are not paid. We suggest you phone for a taxi (your hotel can advise on honest drivers) or have the hotel arrange transport. If you must hail a taxi on the street, agree on an estimated fare with the driver in advance.

Consult the State Department's Consular Information Sheet on the Czech Republic at http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_1099.html Before traveling abroad visit <http://www.travel.state.gov/index.html> for up-to-date travel advisories and warnings.

Visa Requirements

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U.S. passport holders (not U.S. resident aliens or refugee document holders) may visit the Czech Republic for tourism or business without a visa for 90 days. For this purpose, "business" is defined as consultations, negotiations, etc., but not employment reimbursed from an employer located in the Czech Republic. For stays of longer than 90 days or for purposes other than tourism/business, any foreigner is required to obtain a visa in advance from a Czech Embassy or Consulate. Foreigners are no longer allowed to change their status from tourist to student or worker, or to extend their stay while still in the Czech Republic. Instead, a visa must be obtained from outside the

country. The Czech Government expects that visa processing may take two or more months.

Details on how to apply for a visa are available from:

- Czech Embassy in Washington (<http://www.mzv.cz/washington>)
- The Czech Ministry of Foreign Affairs (<http://www.mzv.cz>).

U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links:

- State Department Visa Website: <http://travel.state.gov/visa/index.html>
- United States Visas.gov: <http://www.unitedstatesvisas.gov/>
- Consular Section of US Embassy in Prague: <http://www.usembassy.cz/consular/consular.htm>

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Prague, Consular Section:

http://www.usembassy.cz/general_consular_information.html

Telecommunications

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The Czech telecommunications infrastructure was updated to meet EU requirements before accession, and now is comparable with Western Europe. The Czech Republic leads Central Europe in levels of Web usage in the home and in the workplace, but the low proportion of students with web access at school means the overall internet penetration is lower than in some neighboring countries, such as Hungary. Internet access in Prague and other major cities and towns is easily available.

Most Czechs have cell phones, and many have more than one, considering that there are just over 12 million cell phones in the Czech Republic and only 10.2 million people. There is excellent coverage all over the country.

Local telephone and mail services are good, reliable and inexpensive. U.S. long distance operators serve Prague through direct access numbers.

Country code 420 + number

To U.S. from Czech Republic: 001 + number

Transportation

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Visitors will find traveling in the Czech Republic to be much like traveling in Western Europe, except that costs are lower for food and transport, particularly in the off-season (November through April). Basic English is widely spoken in most hotels and restaurants. International hotels and restaurants catering to foreigners accept major credit cards, although smaller hotels and restaurants may not. Currency exchange is widely available, as are local currency (Koruna)-dispensing ATM's, that accept most U.S. bankcards. Please note that the Euro has not yet been adopted in the Czech Republic.

Major cities have Western-style hotels, though you may consider reducing costs (and getting more local flavor) by staying in smaller, non-business hotels. Many restaurants offer a wide variety of international cuisines. Prague menus are usually in Czech and English. Tap water is safe. Bottled water is widely available; infants up to one year old should be given special "infant water."

In central Prague, visitors will often find walking faster (and more relaxing) than auto travel. The city also has fine, usually quick, public transit to most points. For trips outside Prague, we recommend hiring a car for the day. The domestic train network is extensive but can be slow.

Language

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The official language of the Czech Republic is Czech. Czechs have very strong linguistic abilities. Many older Czechs speak Russian, German, or English as second and third languages. Younger Czechs are more likely to speak English. About half of your likely business partners will speak good (or at least basic) English. Older Czechs (especially those living outside Prague) are less likely to have good English language skills.

Czech is an extremely difficult language to learn. It is helpful to learn a few basic phrases to get around restaurants, hotels, and airports. For complex business negotiations, English-speaking interpreters are readily available.

Health

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Prague has good Western-style medical clinics and English-speaking doctors and dentists. For major operations and complicated illnesses, most Westerners return to the USA or go to nearby Germany or the U.K. We recommend travel insurance sufficient to cover costs of medical evacuation out of the country. Prague and most major outlying cities have pharmacies that stock many Western medicines or that can order specialized prescriptions in 24 hours. U.S. prescription drugs often have different names in Europe. Travelers should carry prescriptions noting generic names. Keep all prescription drugs in original containers to avoid problems with Customs officials. In winter, Prague air pollution can pose problems for those with respiratory conditions.

Local Time, Business Hours, and Holidays

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Local time is Eastern Standard Time plus 6 hours. A typical Czech working day is 8:00 am to 4:30 pm, with a break for lunch. The workweek is 40 hours (Monday through Friday).

When scheduling meetings or events to which Czech business guests are invited, it is best to avoid Friday afternoon (and Friday morning, if possible), as many Czechs have country houses to which they travel as early as possible on Friday. Czechs regard weekends and holidays as near-sacrosanct family time, and they avoid allowing business to intrude on this time. As is the case in much of Europe, it is harder to make business appointments and contacts in the Czech Republic during August and close to major holidays, such as Christmas or Easter week.

Czech Holidays

January 1	New Year's Day
(Varies)	Easter Monday
May 1	Labor Day
May 8	Liberation Day
July 5	Cyril & Methodius Day
July 6	Jan Hus Day
September 28	Statehood Day
October 28	Czech Founding Day
November 17	Struggle for Freedom Day
December 24	Christmas Eve
December 25	Christmas Day
December 26	St. Stephen's Day

Temporary Entry of Materials and Personal Belongings

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We are not aware of any difficulties bringing computers, software, exhibition materials or personal belongings into the country.

Web Resources

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State Department's Consular Information Sheet on the Czech Republic:
http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_1099.html

State Department International Travel Site: <http://www.travel.state.gov/index.html>

Czech Embassy in Washington (<http://www.mzv.cz/washington>)
The Czech Ministry of Foreign Affairs (<http://www.mzv.cz>).

State Department Visa Website: <http://travel.state.gov/visa/index.html>
United States Visas.gov: <http://www.unitedstatesvisas.gov/>
Consular Section of US Embassy in Prague:
<http://www.usembassy.cz/consular/consular.htm>

Emergency numbers

U.S Embassy (+420) 257 530 663 web: <http://www.usembassy.cz>
- after hours (+420) 257 532 716
- emergency (+420) 257 532 715

Czech Emergency Number: 112

Medical Centers

Canadian Medical Center

(+420) 235 360 133
- after hours (+420) 724 300 303

Motol Hospital

- adults (+420) 224 433 681, (+420) 224 433 682
- children (+420) 224 433 690

Hospital Na Homolce

- adults (+420) 257 272 174
- after hours (+420) 257 272 191
- children (+420) 257 272 025
- after hours (+420) 257 272 043
- dental (+420) 257 272 601

web: <http://www.homolka.cz>

Transportation

Airport Information (+420) 220 113 314

Taxi Services:

AAA Cabs (+420) 233 113 311 <http://www.aaa.radiotaxi.cz>
Profi (+420) 261 314 151

Express mail and couriers:

Federal Express (+420) 244 002 200 <http://www.fedex.cz>
DHL 1-800-103-000 <http://www.dhl.cz>
UPS 1-800-181-111

Selected Hotels

Hilton Prague (+420) 224 841 111 <http://www.hilton.com>
Holiday Inn (+420) 224 393 111 <http://www.holidayinn.cz>
Inter-Continental (+420) 224 881 100 <http://www.interconti.com>
Marriott (+420) 222 888 888 <http://www.marriott.com>

<i>Radisson SAS</i>	(+420) 222 820 000	http://www.radisson.com
<i>Renaissance</i>	(+420) 221 822 101	http://www.renaissancehotels.com
<i>Ramada</i>	(+420) 221 454 800	http://www.ramadaprague.com
<i>Best Western Kampa</i>	(+420) 257 320 404	http://www.eurocentur.cz

Financial Services

<i>Citibank</i>	(+420) 233 061 111	http://www.citibank.cz
<i>GE Capital Bank</i>	(+420) 224 441 111	http://www.gecapital.cz
<i>American Express</i>	(+420) 222 800 111	http://www.americanexpress.com
- Credit cards:	(+420) 224 219 960, (+420) 224 216 853	

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Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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American Embassy Prague

H.E. William Cabaniss, Ambassador

Trziste 15, 118 01 Praha 1

tel.: (+420) 257 530 663, fax: (+420) 257 530 583

web: <http://www.usembassy.cz>

Mr. Jan Krc, Press Attaché

tel.: (+420) 257 530 663, fax: (+420) 257 530 223

Mr. Richard Appleton, Consul General

tel.: (+420) 257 530 663, fax: (+420) 257 534 028

Ms. Karen Reider, Economic Officer

tel.: (+420) 257 530 663, fax: (+420) 257 532 717

U.S. Department of Commerce/U.S. Commercial Service

tel.: (+420) 257 531162; fax: (+420) 257 531 165

web: <http://www.buyusa.gov/czechrepublic/en>

Mr. Greg O'Connor, Commercial Counselor

e-mail: Greg.O'Connor@mail.doc.gov

Ms. Erin Butler-Mueller, Commercial Attaché

e-mail: Erin.Butler-Mueller@mail.doc.gov

Dr. Hana Obrusnikova - Sectors: energy, aerospace, engineering/construction, real estate

e-mail: Hana.Obrusnikova@mail.doc.gov

Mr. Zdenek Svoboda - Sectors: auto parts/accessories, industrial parts/services, microelectronics

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Mrs. Lud'a Taylor - Sectors: telecommunications, e-commerce, IT, financial and business services, e-mail: Luda.Taylor@mail.doc.gov

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Mrs. Veronika Novakova – Sectors: environmental Products/Services,
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U.S. Department of Commerce Washington, DC

Advocacy Center

Ms. Pat Nugent
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e-mail: patricia.nugent@mail.doc.gov, web: <http://www.ita.doc.gov/td/advocacy>

Market Access and Compliance
Central and Eastern Europe Division (CEED)
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e-mail: Michael_Rogers@ita.doc.gov

American Chamber of Commerce

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tel.: (+420) 222 329 430; fax: (+420) 222 329 433
e-mail: amcham@amcham.cz, web: <http://www.amcham.cz>

American Center Plzen

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e-mail: info@americancenter.cz, web: <http://www.americancenter.cz>

CzechTrade

Main office

Ms. Jitka Hanzlickova, General Director
Dittrichova 21, P.O. Box 76, 128 01 Praha 2
tel: (+420) 224 907 500, fax: (+420) 224 907 503
e-mail: infoc@czechtrade.cz, web: <http://www.czechtrade.cz>

CzechTrade Chicago

Ms. Ivana Ingram
Suite 938 The Merchandise Mart, Chicago, IL 60654
tel: (312) 644-1790, fax: (312) 527-5544
e-mail: chicago@czechtrade.cz, web: <http://www.czechtrade.cz/en/>

CzechInvest

Main Office

Mr. Tomas Hruda, CEO

Mr. Robert Hejzák, Director, Marketing Department
Stepanska 15, 120 00 Prague 2

tel: (+420) 296 342 500, fax: (+420) 296 342 502

e-mail: marketing@czechinvest.org, web: <http://www.czechinvest.org>

Mr. Radim Konecny, EU Grants Department

tel: (+420) 296 342 492, fax: (+420) 296 342 502

e-mail: programy@czechinvest.org, web: <http://www.czechinvest.org>

CzechInvest Chicago

Mr. Bohuslav Frelich

Suite 938, The Merchandise Mart, 200 World Trade Center, Chicago, IL 60654

tel: (312) 245-0180; fax: (312) 245-0183

e-mail: chicago@czechinvest.org, web: www.czechinvest.org

CzechInvest Silicon Valley

Mr. Radomil Novak

Suite 107-F, 51 East Campbell Avenue, Campbell, CA 95008

tel: (408) 376 45 55, fax (408) 376 45 57

e-mail: california@czechinvest.org, web: <http://www.czechinvest.org>

Czech Office for Standards, Metrology and Testing

Mr. Alexander Safarik-Pstrosz, President

Gorazdova 24, 128 01 Prague 2

tel: (+420) 224 915 489, fax: (+420) 224 915 064

e-mail: safarik@unmz.cz, web: <http://www.unmz.cz>

General Directorate of Customs

Mr. Zdenek Richtr, General Director

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tel: (+420) 261 331 111, fax: (+420) 261 332 900

e-mail: podatelna-grc@cs.mfcr.cz, web: <http://www.mfcr.cz>

Czech Confederation of Industry

Mr. Jaroslav Mil, President

Mikulandska 7, 113 61 Praha 1

tel: (+420) 224 939 747, fax: (+420) 224 934 037

e-mail: spcr@spcr.cz, web: <http://www.spcr.cz>

Economic Chamber of the Czech Republic

Mr. Jaromir Drabek, President

Freyova 27, 190 00 Prague 9

tel: (+420) 296 641 111, fax: (+420) 296 646 221

e-mail: prezident@komora.cz, web: <http://www.hkcr.cz>

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Other sources

Czech Ministry of Finance

For economic and trade statistics

<http://www.mfcr.cz> /celni sprava/zahranicni obchod

Dun & Bradstreet

Konevova 2747/99, 130 00 Praha 3

tel.: (+420) 271 031500, fax: (+420)271 031 530

e-mail: custserv@dnbczech.cz, web: www.dnbczech.cz

The Prague Daily Monitor

A daily web-based summary of Czech and regional news delivered free to your email box.

To subscribe, go to: <http://praguemonitor.com/subscribe/>

The Fleet Sheet

A daily English language digest of Czech news

tel. (+420) 221 004 315, fax: (+420) 224 221 580

web: <http://www.fleet.cz>, e-mail: info@fleet.cz

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

Local Trade Events can be found on: <http://www.buyusa.gov/czechrepublic/en/47.html>

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/czechrepublic/en/40.html>.)

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.